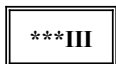


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10 September 1998 A4-0313/98



REPORT

on the joint text, approved by the Conciliation Committee, for a European Parliament and Council directive relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (C4-0500/98 - 96/0163 (COD))

Parliament's delegation to the Conciliation Committee

Rapporteur: Mrs Heidi Hautala

PE 225.315/fin.

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JOINT TEXT AND COMMISSION DECLARATIONS (see C4- 0500/98)	
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At the sitting of 10 April 1997 Parliament delivered its opinion at first reading on the proposal for a European Parliament and Council Directive concerning the quality of petrol and diesel fuels - Emissions from motor vehicles - Atmospheric emissions - Fuel economy.

At the sitting of 23 October 1997 the President of Parliament announced that the common position had been received and referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible.

At the sitting of 18 February 1998 Parliament adopted amendments to the common position.

By letter of 19 May 1998 the Council stated that it was unable to adopt all Parliament's amendments.

The President of the Council, in agreement with the President of Parliament, convened a meeting of the Conciliation Committee on 29 June 1998.

At this meeting the Conciliation Committee considered the respective positions and reached agreement on certain amendments to be made to the common position.

On 11 August 1998 the co-chairmen established that the joint text had been adopted and forwarded it to Parliament and the Council, pursuant to paragraph 6 of the Interinstitutional Agreement of 25 October 1993 on arrangements for the proceedings of the Conciliation Committee in all the official languages.

Parliament's delegation to the Conciliation Committee adopted the draft decision unanimously on 10 September 1998.

The following took part in the vote: Fontaine, Chairman of the delegation; Imbeni, permanent member; Hautala, rapporteur; Blokland, Bowe, K. Collins, Grossetête, Lange, Lienemann, Oomen-Ruijten, Pimenta, Roth-Behrendt (for Verde I Aldea, permanent member), Schnellhardt.

The report was tabled on 10 September 1998.

A
DRAFT DECISION

Decision on the joint text approved by the Conciliation Committee for a European Parliament and Council Directive concerning the quality of petrol and diesel fuels - Emissions from motor vehicles - Atmospheric emissions - Fuel economy (C4-0500/98 - 96/0163(COD))

(Codecision procedure: third reading)

The European Parliament,

- having regard to the joint text approved by the Conciliation Committee and the relevant Commission declarations (C4-0500/98 - 96/0163(COD)),
 - having regard to its opinion at first reading() on the Commission proposal to Parliament and the Council COM(96)0248 and COM(97)0271 (),
 - having regard to its decision on the common position(),
 - having regard to the Commission's opinion on Parliament's amendments to the common position (COM(98)0241 - C4- 0267/98),
 - having regard to Article 189b(5) of the EC Treaty,
 - having regard to Rule 77(2) of its Rules of Procedure,
 - having regard to the report of its delegation to the Conciliation Committee (A4-0313/98),
1. Approves the joint text;
 2. Instructs its President to sign the act with the President of the Council, pursuant to Article 191(1) of the EC Treaty;
 3. Instructs its Secretary-General to duly sign the act and, in agreement with the Secretary-General of the Council, to have it published in the Official Journal;
 4. Instructs its President to forward this decision to the Council and Commission.

() on the Commission proposal to Parliament and the Council COM(96)0248) OJ C 132, 28.04.97, p. 159

(^b) OJ C 077, 11.03.97, p. 1 and C 209, 10.07.97, p. 25

(^b) OJ C 080, 16.03.98, p. 92

B EXPLANATORY STATEMENT

BACKGROUND

1. The importance of this legislation cannot be underestimated: Parliament and Council were invited by the Commission's proposal of August 1996 to consider what limit values to fix for the environmental quality of petrol and diesel in the year 2005 and beyond. Taken together with the modification to the vehicle emissions directive 70/220/EEC - negotiated at the same time in Conciliation Committee (rapporteur: Mr LANGE) - this legislation is part of a package: a key element in reducing car emissions is naturally to make sure that cleaner fuels are available for the latest anti-pollution technology to be fitted in engines.
2. For such complex legislation having a large economic impact on the industries concerned, the legislative procedure has been quite rapid: the fact that it has taken just under two years to process reflects the political priority the institutions have attached to these measures and the need for the European Union to take concrete steps to meet the targets for reducing emissions it signed up to under the Kyoto Agreement in 1998. Your rapporteur welcomes the urgency which the British Presidency attached to its efforts to find agreement and the political signal sent in this regard by the Heads of State and government at the Cardiff European Council on 15-16 June 1998.
3. The actual conciliation phase took just over two months, from the constituent meeting of the EP delegation on 16 April 1998 () to the meeting of the Conciliation Committee on 29 June, in the final days of the British Presidency. Agreement was reached in Conciliation Committee () your rapporteur also attended 4 long sessions of informal negotiations with the Chairman of the Council working group, () at which much of the technical drafting was done.

OVERALL COMPROMISE PACKAGE

4. As with the Vehicle Emissions directives negotiated at the same time, the main elements of the overall compromise package were the following:
 - **Council accepts Parliament's amendments which make the environmental specifications (limit values) for fuels in the year 2005 mandatory; (and not voluntary, as foreseen in the common position).**

() to the meeting of the Conciliation Committee on 29 June, in the final days of the British Presidency. Agreement was reached in Conciliation Committee under the co-chairmanship of Mrs FONTAINE, Vice-President () The delegation met a total of 4 times (not counting meeting on 29 June 1998) on 16 April, 13 May, 17 June and 27 June 1998. () your rapporteur also attended 4 long sessions of informal negotiations with the Chairman of the Council working group, () Trialogue meetings were held on 7 May, 2 June, 18 June and 25 June 1998. () at which much of the technical drafting was done.) Technical meetings were held on 18 May, 27 May, 9 June and 23 June 1998.

- **Parliament accepts the figures for the limit values as specified by Council in its common position, for the year 2000 and the year 2005;** (the only exception is Am.27, where Council accepts the 2000 limit value for oxygen content proposed by Parliament);
- **Council accepts Parliament's amendments that provide for the earlier phasing in of cleaner diesel** which conforms to the 2005 specifications; the Conciliation Committee also agreed, as part of the overall compromise, to provide in the same way for the earlier phase-in of cleaner petrol which conforms to the 2005 specifications, (even though this was not contained in Parliament's amendment, it was thought better to make the same provisions for the sake of consistency and clarity); this means that cleaner petrol and diesel, of a higher environmental standard, can be introduced onto the market before the year 2005, from 2000 onwards, alongside existing fuels. **The situation is described in the following table, with the changes obtained by Parliament in bold:**

	TYPE OF FUEL AND STANDARD:			
	PETROL		DIESEL	
DATE OF INTRODUCTION:	Annex I standard	Annex III standard	Annex II standard	Annex IV standard
from 1 JANUARY 2000	mandatory	optional	mandatory	optional
from 1 JANUARY 2005	to be phased out by this date unless derogation	mandatory	to be phased out by this date unless derogation	mandatory
until 1 JANUARY 2007 at the latest	optional (only by derogation)	-	optional (only by derogation)	-

5. In terms of amendments, this compromise package means that in return for making the 2005 standards mandatory (Ams 1, 14, 15, 16, 30 and 33) and in return for the earlier phase-in of cleaner fuels (Ams 12, 15 and 16), () the delegation could accept to withdraw Parliament's amendments (Ams. 25, 26, 29, 31, 32, 34, 35, 36 and 37) containing figures in the annexes for the limit values for fuels. () In addition, Ams.11 (Recital 18), 17 (Article 5), and 19 (Article 6(1)) were amendments which followed logically from the introduction of mandatory specifications for the year 2005 and from the earlier phase-in of cleaner fuels.

() the delegation could accept to withdraw Parliament's amendments (Ams. 25, 26, 29, 31, 32, 34, 35, 36 and 37) containing figures in the annexes for the limit values for fuels. () For the changes made by these amendments see new Recitals 6 and 19, Recital 22, Article 3 (petrol) and Article 4 (diesel), and the titles of Annexes III and IV respectively.

() In addition, Ams.11 (Recital 18), 17 (Article 5), and 19 (Article 6(1)) were amendments which followed logically from the introduction of mandatory specifications for the year 2005 and from the earlier phase-in of cleaner fuels. () This means that satisfactory compromises were found for the remaining 27 of the

36 original amendments.

6. As part of the overall agreement to make the petrol and diesel specifications for the year 2005 mandatory, the delegation had to accept a derogation clause for those countries whose refining industries might not be able to meet the limit value for sulphur, similar to the derogation clause which Parliament had already accepted in principle for the year 2000 specifications. Derogations may be allowed on the year 2000 standards for sulphur until the year 2003 and on the year 2005 standards until the year 2007. For each deadline the Member states have until 31 August 1999 and 31 August 2003 respectively to apply to the Commission for a derogation, and **the Commission decides** whether or not to grant the derogation. **The Commission is now obliged to inform the Parliament of its decision**, which will give the Parliament the opportunity to pronounce on the matter if it so wishes (see compromise on commitology below). To allay possible fears that these derogations might be abused by Member states seeking to escape their obligations, **the Commission gave the following undertaking** (see document C4-0500/98):

Commission statement re Articles 3(5) and 4(3)

'When considering requests for derogations under Articles 3(5) and 4(3), the Commission will satisfy itself that the derogation is compatible with Community law including competition law, taking into account the availability in the Community of sufficiently good-quality fuels in adequate quantities.'

OTHER ISSUES COVERED BY THE AGREEMENT

Fiscal incentives

7. A compromise has been found consisting of new recitals and a Commission declaration. (Ams.8,9 and 18 - see Recital 13 and new Recitals 14 and 15). These note *inter alia* that "the use by Member States of differentiated excise taxation can encourage the introduction of more advanced fuels in line with national priorities, capacity and requirements"; and that the proposed Energy Products Directive should permit the Member States "to make more active use of fiscal incentives through differentiated excise taxation, so as to facilitate the introduction of more advanced fuels". **In addition, the Commission has given the following undertaking** (see document C4-0500/98):

'The Commission recognises the importance of fiscal incentives in the promotion of the use of more advanced fuels. It will take appropriate account of this in the implementation of Council Directive 92/81/EC and will, within the limits of its powers, ensure an expeditious implementation of the relevant provisions of that Directive.'

The rapporteur believes that these represent **important statements of political principle** on which the Parliament can build in the future, even if more was not able to be done this time as regards fiscal incentives.

Content of the Auto-Oil II review process

8. As regards the revision of the directive planned before the 2005, there was always a danger that the review process could be used to call into question the environmental specifications which are to be mandatory from that year onwards. In the compromise agreed for Am.14 in

Recital 22 and Am.23 in Article 9, the Commission can only propose new environmental specifications which "*complement*" the ones already agreed **and for Parliament this means that the specifications can only be improved**. The specifications can only be changed in any case with the agreement of Parliament.

Commitology

9. A very satisfactory compromise was found for these amendments (Ams. 20, 21, 22 and 24). As regards the type of commitology (Art.11), it was agreed to put the same type of procedure as for the Vehicle Emissions Directive, that is a regulatory committee type III a). The Council therefore dropped its demand for a regulatory committee type III b) in the Fuels Directive, which would have been unacceptable to Parliament for reasons of principle (it allows the Council to block the implementation of the directive by the Commission by a simple majority, without any obligation for a decision to be taken).
10. The powers of the Commission and committee have also been restricted so that **the limit values in the Annexes cannot be changed except under codecision** (see Art.10). Under the safeguard procedure, the Parliament has obtained the right to be informed by the Commission about its decisions on national derogations (Arts.6 and 7). This a **useful precedent** which Parliament should follow in other legislation.

Compromises on the recitals

11. Ams.2, 3, 4, 5, 6, 7 and 10 introduced remarks concerning **the economic costs and benefits and the desirability of cleaner fuel** in Recitals 7, 9, 10, 11, 12 and 17, improving on Council's text from an environmental point of view (and Am. 3 was considered to be covered by the compromise on Am. 4.). Am.13 (Recital 21) was also accepted, concerning the need for common procedures in the use of monitoring systems to ensure compliance.

CONCLUSIONS

12. For two years of negotiations, involving not only the Council but also the industries and NGOs concerned, Parliament has shown its determination to improve fuel and car emission standards in Europe. With this conciliation result, we have convinced the Member States to accept mandatory limit values not only for the first stage, in the year 2000, but also for the year 2005. Knowing that the limit values for 2005 are now fixed will help ensure that the car and oil industries can make the necessary investments in cleaner technologies for improved air quality. The industries concerned now know what is expected of them, and can make their future investment plans in a context of regulatory certainty. This directive should bring benefits very quickly in terms of reductions in air pollution, and it will allow cleaner car engines and technology to be brought on the market more rapidly. Cleaner fuels will be phased in earlier than originally planned by the Council and the Commission, and our citizens will find these fuels available at filling stations starting from the year 2000 onwards, which will encourage them to invest in cleaner cars, particularly if the Member states use fiscal incentives to make this option more attractive for them. For all the reasons given above, the delegation therefore recommends that Parliament adopt the directive in accordance with the joint text agreed in Conciliation Committee (see document C4-0500/98).